



## Recommendation for Action

**File #:** 21-1800, **Agenda Item #:** 4.

5/6/2021

---

### **Posting Language**

Approve a resolution nominating Applied Materials, Inc. for designation by the Governor's Office of Economic Development and Tourism as a single Texas Enterprise Project in accordance with Texas Government Code Chapter 2303.

### **Lead Department**

Economic Development.

### **Fiscal Note**

This item has no fiscal impact.

### **Prior Council Action:**

October 18, 2007 - Council approved Ordinance No. 20071018-008 electing to participate in the Texas Enterprise Zone Program.

November 4, 2010 - Council approved Ordinance No. 20101104-046 amending its program identifying additional local incentives for the Texas Enterprise Zone Program.

November 14, 2019 - Council approved Ordinance No. 20191114-068 amending its program identifying additional local incentives for the Texas Enterprise Zone Program.

March 4, 2021 - Council approved Ordinance No. 20210304-079 amending its program identifying additional local incentives for the Texas Enterprise Zone Program.

### **For More Information:**

Sylvia Holt-Rabb, Acting Director/Economic Development Dept. 512-974-3131, Dusty McCormick, Economic Development Liaison, 512-974-6390.

### **Additional Backup Information:**

Applied Materials, Inc. ("Applied Materials"), headquartered in Santa Clara, California, manufactures, markets, and distributes engineering solutions and equipment used to produce semiconductor chips, solar products, and advanced displays used for computers, televisions, and smartphones. Applied Materials was founded in 1967 as a maker of chemical vapor deposition systems for fabricating semiconductors and has since grown its operations globally. Applied Materials exports products to Korea, Taiwan, China, Japan, Southeastern and Pacific Asian countries, and European countries and has locations worldwide.

Applied Materials has two facilities located in Austin, Texas. The qualified business site ("QBS") where all the manufacturing is fulfilled, located at 9700 East Highway 290, Austin, Texas 78724, and an additional participating location, located at 10000 Spectrum Drive, Austin, Texas 78717. This location is a support facility for the manufacturing operations; this site also houses the Information Technology (IT) and Research & Development divisions and a Data Center. Applied Materials employs approximately 2,400 employees at its Austin facilities and 158 more across Dallas, Plano, Richardson, and additional employees working remotely

---

throughout Texas.

Over the next five years, Applied Materials anticipates investing approximately \$150 million with \$100 million in a new 724,000 square foot warehouse facility at the qualified business site. This warehouse will help facilitate increased production capacity and throughput through the centralization of their raw materials and finished goods. The warehouse will include sophisticated racking systems and automated handling systems, in addition to housing IT infrastructure, including servers and support equipment, for a total of \$50 million. Construction commenced in the first quarter of 2021, with an estimated completion date of the second quarter of 2022.

Applied Materials will create 10 full-time jobs. Additionally, they will retain 490 full-time jobs for benefit, which meet the definition of “retained job” in Texas Government Code §2303.401(2). If designated as an Enterprise Zone Project, Applied Materials will be eligible for a refund of State sales and use tax based on the employment criteria and the amount of the capital spent at the qualified business site. The Texas Legislature currently authorizes 105 state designations each biennium. The City is eligible to receive up to nine Enterprise Project designations based on availability and competitiveness of the project every two years.

**Strategic Outcome(s):**

Economic Opportunity and Affordability.